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Acting Ch/C/RR

6 Jan 56

Acting Ch/D/E/RR

Report of Meeting EDAC WG III, 4 Jan 56

1. Emergency Action Steps, Economic Warfare. (1st agenda item)

(a) The group was briefed by Dr. Morgan from the Materials area of ODM. He stated that the Defense Mobilization Board (DMB) had authorized and directed various agencies to report on emergency steps of an economic warfare nature which they would take in the event of an all-out attack without warning against the U.S. mainland. The DMB is a cabinet level group under the chairmanship of the Director of ODM and includes the Secretaries of State, Defense, Treasury, Interior, Agriculture, Commerce, Labor, the Chairman Board of Governors, Federal Reserve System and the Director FOA (now ICA). The DMB has acted officially to approve certain assumptions for planning purposes, and their agreement on the assumptions and the necessity for planning thereunder is said by Dr. Morgan to be appropriate authority for calling on the individual agencies and departments to report its proposed "action steps" to ODM. The present planning exercise relates only to the set of assumptions relating to the eventuality described above (see underlining); this is entitled the "D-Minus" plan. Several variant, and less serious, sets of assumptions have been approved by DMB but planning on them is at present deferred until the most serious situation visualized is coped with. This entire planning exercise is being held very closely, and the basic documents are not generally available even within ODM.

(b) During the following general consideration of the WG III assignment from Admiral DeLany, it became apparent that neither the State nor the ICA representatives knew the extent and inter-relationship of their responsibilities overseas. Mr. Hale stated that he would suggest that Admiral DeLany reexamine his request on WG III to determine whether such a request should come from MDAC to Mr. Hollister and State.

(c) Conclusion: the general subject is withdrawn from the active agenda of WG III pending action by the ICA, State and Commerce representatives to consult their superiors and to establish new terms of reference for WG III or to withdraw the matter wholly from WG III.

2. U.S. Counter-Bloc Economic Penetration Policies and Programs (2nd agenda item)

(a) State has submitted a paper addressed to EDAC via the Executive Committee and intended to come from the Chairman EDAC WG III, recommending that the terms of reference of WG III be narrowed re its responsibilities in carrying on a continuing surveillance of Bloc economic penetration attempts plus developing and implementing action steps to counter these activities.

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(b) The significance of the problem is not in the correctness of the paper's conclusion that WG III cannot do all the things assigned -- this is not to be doubted. The implication behind the paper is that EDAC itself does not have responsibility for policy and action as extensive as that required to develop plans and policies and to determine and implement programs for overall U.S. counter-action to Bloc economic penetration activities.

(c) The State paper was presented to WG III at the 28 Dec 55 meeting, with agencies to comment on it at the 4 Jan 56 meeting. Agency comments are summarized as follows:

CIA - I stated that CIA accepted the paper. (I did not take part in subsequent discussion principally between ICA and State.)

Defense - Mr. Van Sant did not report an agency position but indicated general agreement with the paper.

Treasury - Mr. Blaser said he would regret the proliferating of more committees, and perhaps the CFEP was competent in this situation. He thought that aspects of this problem required inter-agency treatment and coordination.

Commerce - Mr. Rennert said that Commerce believed an independent group was needed to deal with the problem. He expressed a preference for OCB rather than CFEP. He doubted whether the problem had been adequately explored at the working level so as to be ripe for a working level recommendation upward.

ICA - Mr. Slaght expressed the view that the individuals throughout the government with competence and experience in this sort of problems were in the EDAC structure. He considered a continuing overall monitoring of such problems desirable.

EDAC - Mr. Hale took a strong dissent from the paper and volunteered to draft a substitute for the next meeting of WG III. He was disappointed that the paper did not take a positive view of alternatives for EDAC. He felt EDAC could function with respect to this problem and his paper would specify the areas of EDAC competence. Admiral DeLany would like EDAC to agree on proper EDAC terms of reference which would be passed to other higher groups as being EDAC's offer. Mr. Hale said that his draft would try to show the areas where EDAC lacked competence; he also said he was not yet certain what he thought EDAC might want to say about what a higher level group should do.

In response to an inquiry, Mr. Hale said that there was no NSC directive squarely on this subject though several directives made peripheral reference to aspects of the problem.

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Mr. Hale believed that the study of every Sino-Soviet Bloc move involving economic penetration should come to EDAC WG III and its Research Panel for analysis of the impact on the economic defense program and certain other programs (which he would cite in his paper). If there was doubt as to WG III as a proper forum, at least there should be in the economic defense system a continuing study of economic activities of the Sino-Soviet Bloc.

State - Mr. Tuckerman, acting Chairman vice Mr. Goodkind said that he had made inquiries in the Department in the past week. The WG would remember that Mr. Goodkind was drafting a paper on this general subject, and the first draft had suggested a new group to take a hand in U.S. action. Mr. Tuckerman has now found that the geographic desks are very reluctant to see more committees in being, and they are now represented in OCB working groups which are in existence. The geographic desks would like to see that the U.S. government had a continuing collation activity underway embracing all information on the general subject, including various specific efforts by the Bloc regardless of the form of the effort, plus a summary of what the U.S. was doing in response politically, economically, via USIA, etc. The geographic desks would be interested in having available a study of Bloc penetration attempts heretofore, including a U.S. appraisal of the adequacy of U.S. reactions; such an extensive project might be placed in State's Planning Staff to coordinate and to receive Agency contributions.

*Afterfully*

Mr. Tuckerman then restated the State paper thesis that WG III was not competent to coordinate action for the U.S. government and to review U.S. action overall would require a larger group with new blood.

Mr. Tuckerman then asked whether anyone disagreed that EDAC WG III and its superiors were not competent to participate in the determination of ad hoc actions. Mr. Hale strongly disagreed with respect to the "superiors", and stated that WG III should do research and then formulate for EDAC new Terms of Reference for ultimate submission to the National Security Council to replace the "decreasing reliance" language of NSC 152/3.

Conclusion: The Chairman requested Mr. Hale to prepare his redraft, which would be considered at the 11 Jan 56 meeting of WG III. Mr. Hale agreed to try to have the paper in the hands of the representatives prior to the meeting.

3. Recommendations re CIA Participation in 11 Jan 56 Meeting. I do not anticipate that CIA will be called on for any important statement. CIA, through D/E/RR, is now in a position to render intelligence support to any EDAC program or group on this subject. What CIA might do at a higher level and with a new non-EDAC group, is not a matter for WG III. I expect that the Hale redraft will be tabled pending review by the various agencies. I recommend CIA approve for forwarding to the Executive Committee whatever paper is ultimately developed and adopt no Agency position short of the Executive Committee or of EDAC itself.

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